Gibson

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Tanker Market Report

Diverging Oil Pathways

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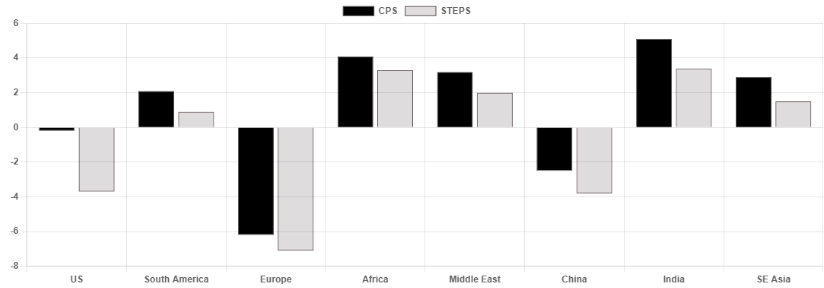
The 2025 edition of the IEA's World Energy Outlook (WEO) arrived at a moment of mounting turbulence, driven by geopolitical tensions, major changes in energy policies and increasing debate how to address climate risks. Updated each year with the latest data and market trends, the WEO is not a forecast but an exploration of possible energy futures shaped by evolving policies, technologies, and market forces. In this year's edition, three key pathways are detailed. The Current Policies Scenario (CPS), last published prior to Covid, is reintroduced in this year's addition and assumes no new governmental policy actions beyond those already in place. It presents a cautious view of how quickly new energy technologies can be scaled up. The Stated Policies Scenario (STEPS) takes the analysis one step further and incorporates all officially announced government plans, even though they have not yet been adopted. Barriers to adopting new technologies are lower than in the CPS. The Net Zero Emissions (NZE) Scenario is theoretical and lists the conditions required to achieve net-zero CO_2 by 2050.

Oil Demand

Whilst both the CPS and STEPS scenarios are more pragmatic relative to the NZE, they still paint a diverging picture for global oil demand.

Under the CPS, demand rises steadily from 100 mbd in 2024 to 105.3 mbd by 2035, and to 112.8 mbd by 2050. Growth is underpinned by increased use of oil in road transport in emerging market and developing economies, aviation, shipping and petrochemical demand. Here, the assumption is made that the share of EVs in total car sales plateaus after 2035 at around 40%.

Regional Demand Growth: 2050 vs 2024 (mbd)



In contrast, STEPS shows oil demand flattening near 100.4 mbd by 2035 before easing to around 96.9 mbd in 2050, reflecting faster uptake of electric vehicles and higher efficiency standards. Still, even by 2050 demand remains at robust levels despite faster electrification and more aggressive government policies to reduce GHG emissions.

In terms of a regional breakdown, advanced economies see structural decline in both scenarios, with STEPS showing a considerably sharper contraction. Demand falls the most in Europe, down to the 2.9–3.3 mbd range depending on the scenario, from 9 mbd in 2024. In non-OECD countries, consumption continues to increase over the forecast period, with the largest gains in India and Africa. China is the only notable exception: in both scenarios, the country's oil demand in 2035 is lower than in 2024, primarily due to rapid electrification, with a decline accelerating in the longer run. By 2050, China's consumption falls by 2.5 mbd relative to 2024 in CPS and by 3.8 mbd in STEPS.

Regional Oil Production Trends

Supply growth is dominated by the Middle East, although the scale differs between the scenarios, with production up by 13.7 mbd by 2050 in CPS and by 6.9 mbd in STEPS. Latin America also sees strong growth, although on a much smaller scale. In North America, production rises through 2035 but declines thereafter, with a sharper downward trend in STEPS. Oil production in Europe and Asia Pacific declines sharply in both scenarios. In Asia, a region that accounts for much of global demand growth, supply falls by 2.6 mbd or 3.2 mbd by 2050 depending on the case. Meanwhile, Africa's production falls significantly in STEPS, while remaining broadly steady-ish in CPS.

Refining Runs

Global refining runs also evolve differently. A much stronger demand base under CPS drives significant throughput increases in Asia in both the medium and long term, whilst smaller yet notable increases are also seen in the Middle East, Africa, and North

America. European runs continue to decline due to structural weakness in regional demand and competitive disadvantages relative to refineries East of Suez and the US.

The overall trend is broadly similar in STEPS, although increases in refining runs in Asia and Africa are considerably smaller. Still, the main difference involves the US runs, where throughput comes under downward pressure in line with a faster demand decline.

Impact on Tankers

The CPS provides a much more optimistic view for tanker demand than STEPS, but the reality is likely to sit somewhere in between. Much depends on the pace of technological development and future government policy choices. Still, even with different demand paths, several tanker trade trends are consistent across both scenarios. Rising crude production in Latin America, falling refining runs in Europe, declining oil output but rising refining runs in Asia – they all point to incremental long-haul crude trade. Both scenarios also show solid growth in Middle East crude exports.

The product-tanker picture is more mixed, with regional trends diverging depending on the scenario. Still, a couple of common themes also stand out. Strong demand growth in Africa and Latin America outpaces increases in regional refining throughput, significantly increasing CPP import needs. Meanwhile, demand in the Middle East and India grows faster than refining runs, reducing export availability. Taken together, all of this points to meaningful shifts in clean tanker trade patterns in the years to come.

East

The Middle East VLCC market ended last week quietly on the surface, though ongoing under-the-radar fixing continued to chip away the tonnage list. As the new week began, visible activity remained limited, but the tightening list helped keep freight levels stable and Owners in a favourable position should enquiry return. With London Christmas events dominating the week, much of the fixing activity continued to take place privately. Charterers were seen quietly picking off tonnage, reducing availability while keeping rates broadly steady. By week's end, sentiment remained stable but subdued, with Owners now looking toward next week for a clearer pickup in enquiry to rebuild momentum and test the tightening supply more openly.

The market in the Middle East has softened over the course of this week. Basrah/West remains in need of a fresh test, though we estimate rates today to be around 140 x ws67.5 via Cape. Runs into the East have also come under pressure this week, with ws155 paid on short runs. Expect Charterers to be pressing hard, and we may even see something to the tune of 130 x ws145 at some point next week. We have also started to see ballasters heading to COGH this week, which could help relieve some of the pressure on Owners if it becomes a more popular option.

West Africa

A slow start to the week in the West Africa VLCC market, with limited visible activity and little movement in freight levels. Early optimism centred on the hope of a pickup in enquiry. As the week progressed, a few cargoes surfaced, but the overall pace remained subdued. In line with the trend in the

Middle East, rates held steady while the tonnage list stayed on the tighter side, leaving Charterers in a more challenging position. Toward the end of the week, enquiry showed some improvement, though not enough to materially shift freight levels. With availability still relatively tight, Owners remain cautiously optimistic that momentum may build into next week. Overall, the market closes the week steady, with improving enquiry.

West Africa has fallen away this week due to a well-stocked tonnage list with plenty of competition for even the most prompt dates. Expect Charterers to be pushing to break 130 x ws127.5 for TD20, but with better levels of activity from the Americas, they will likely face some resistance. The premium to head East today is around 10 points, though if we don't see higher levels of enquiry next week, then there will likely be a few more Owners looking to put their ship out for a longer run.

Mediterranean

TD6 hasn't been tested really but with how far West Africa has fallen, it isn't unreasonable to expect to see something concluded around 135 x ws170.

With delays at the terminal it seems likely that quite a few dates get kicked back and we see another quietish week next week. Libya/Ningbo is due for a fresh test since the market has fallen. As brokers, we feel Charterers will look to break below $6.0m before stepping into the market to fix.

Industry functions this week have disrupted the ability for market participants to fully understand where Aframax rates could/should be, Information was available in thin supply and tricky to transact, with given the delay in retrieving it. For the most part, however, owners were able to cling on to levels close to last done, with some discounts found for certain cases. Rates have dropped to low ws180 levels for good XMed runs and ws200 levels for CPC loaders. It is worth noting that over the course of the week a number units have indeed been fixed, with the lists doing just enough to prevent too much of a front end build up. Further, there has been a boost due to speculation that CPC Suezmax stems might be downsized into Aframax cargoes. That said, further testing is needed to establish reliable benchmarks and all eyes will be on Monday’s trading.

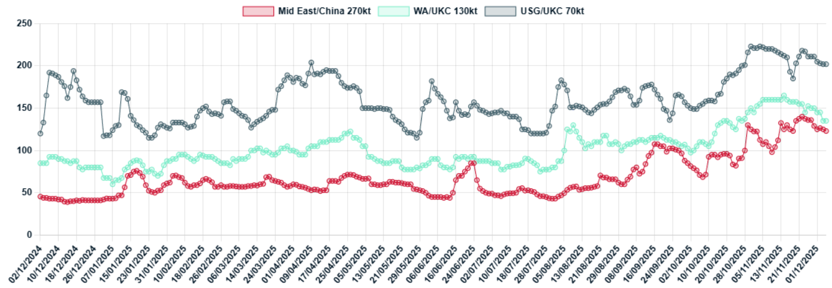
US Gulf/Latin America

The US VLCC market opened the week quietly following the Thanksgiving holiday, with much of the activity concealed toward the back end of last week. Freight levels remained stable, and sentiment stayed steady as participants gradually returned. As the week progressed , enquiry improved slightly compared with last week, with a few Charterers stepping out to seek coverage. Despite limited visible fixtures, rates continued to hold at healthy levels. Toward the end of the week, activity remained light and levels largely unchanged.

North Sea

After a disrupted week North Sea Aframaxes saw a little bit of testing with Owners happy to jump on what was available. ws155 has set the new level and with a few ships around, this will likely be repeated into next week.

Crude Tanker Spot Rates (WS)



Clean Products

East

Although a fairly active week, the tonnage has been able to support the enquiry and as such we have seen a slight negative correction. TC1 at 75x ws155 and TC5 being tested a few times at 55 x ws180. West runs have been less active this week but assess circa $4.0m for a LR2 and $3.1m for a LR1 both via Cape. However, as we approach the close of the week, questions are being asked quietly off market and Owners are not there to repeat these last done levels. The expectation is that come Monday, lists will have firmed up and rates will be positively tested.

The AG MR market has seen an uneventful week, with sluggish enquiry and a well-supplied list driving rates steadily down before stabilising. TC17 slipped from 35 x ws240 at the end of last week to 35 x ws230–225 early on, while TC12 fell from 35 x ws180 to ws170. Limited enquiry through mid-week kept the pressure on, and with little left outstanding, rates eventually found a floor at TC17 35 x ws220 and TC12 35 x ws165, where they repeated into the weekend. Overall, a quiet, supply-driven week with rates bottoming out and sentiment now hanging on mid-December stems.

UK Continent

MR Owners expectations for this week have been dashed as there just hasn't been the volume of enquiry to sustain rates. Whilst the list remains a confused mess of itineraries and an unusually prompt working window, with some failing units having been left behind, going into the weekend sentiment is really quite weak. Calmer weather has also added to the pressure as delays have eased. That said we do expect next week to be busier and we can foresee cargoes wanting to plan ahead pushing for numbers off forward dates but Owners unwilling, so any rapid change in cargo flow and rates could change quite quickly.

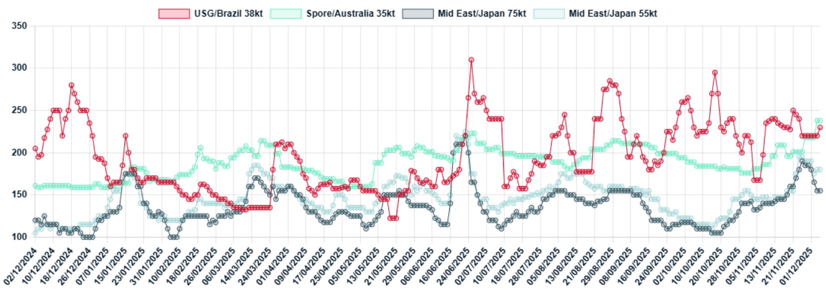
It has felt like the Handy market has taken a breather this week mainly due to Christmas party week here in London. Levels did take a hit around mid-week as we saw 30 x ws200 paid ex North Spain albeit for a vessel which needed to reposition back to the UKC and as the week rolled on, TC23 closed at 30 x ws200-202.5. Looking ahead, with MRs also competing on 30kt clips, Owners could remain on the back foot heading into next week.

Med

Med MRs have traded slowly this week with Med-TA correcting downwards to ws150-155. With the lack of volume being the current theme going into the weekend, the prospects for next week seem soft. While Med-WAF sits at 37 x ws180, this run has largely been guided by external markets such as TC2. Looking forward into next week, however, with weather disruptions looming and the possibility of increased enquiry, the outlook hinges on whether the upcoming volume is enough to shift the current equilibrium.

With the Handy tonnage list looking healthy following improved weather, Charterers were able to put pressure on rates, leading to a 40 point drop to current levels at 30 x ws180. A pickup in activity near the end of the week was not enough for Owners to stem the decline as Charterers had sufficient tonnage to choose from. Looking ahead, incoming bad weather may pressure itineraries and could provide the support Owners need along with an improvement in enquiry levels, but for now the sentiment remains soft.

Clean Tanker Spot Rates (WS)



Dirty Products

Handy

The North has seen a quiter week overall, however there has been enough activity to keep the list tight and levels firming. The week started with ideas looking to be pushed onward from ws242.5 as tonnage was slowly clipped away. By mid-week, Owners managed to kick on rates to ws245 which was repeated a handful of times. Looking ahead to next week, we expect to see ws250 covered early with a view for Owners to push for more should enquiry flow.

The Med has seen yet another week of thick and fast activity. Cargoes struggled for cover as Owners bided their time and rates firmed up from ws220 through to ws250 by close of play Friday. Looking ahead to next week, we could see levels firm further should vessel itineraries continue to slip.

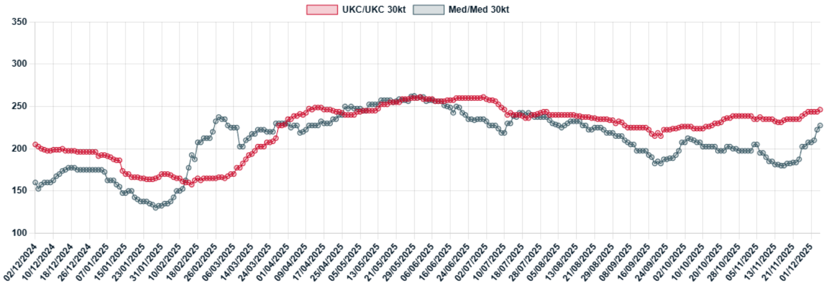
MR

MRs saw some love this week through a mixture of part cargo and full-stem enquiry. In the North, units have stayed relatively thin with Handy clips the main enquiry. However in the Med, levels were tested up to ws185 for an Xmed voyage with Owners hungry for more.

Panamax

A quiet week for Panamaxes this side of the Atlantic as availability stays scarce with tonnage set to open in the North around mid-month. TD21 saw consistent activity under-the-radar. Rate ideas slowly ticked upward as BITR printed at ws204.58 on close of play on Friday. Owners will be hoping for more of the same as we look to next week.

Dirty Product Tanker Spot Rates (WS)



Rates & Bunkers

Clean and Dirty Tanker Spot Market Developments – Spot WS and $/day TCE (a)

	wk on wk change	Dec 4th	Nov 27th	Last Month*	FFA Q4
TD3C VLCC AG-China WS	-13	123	136	110	110
TD3C VLCC AG-China TCE $/day	-15,500	125,250	140,750	106,750	103,750
TD20 Suezmax WAF-UKC WS	-18	133	151	160	136

TD20 Suezmax WAF-UKC TCE $/day	-11,750	63,250	75,000	80,000	63,000
TD25 Aframax USG-UKC WS	-9	202	211	220	199
TD25 Aframax USG-UKC TCE $/day	-3,500	56,500	60,000	62,250	51,750
TC1 LR2 AG-Japan WS	-25	159	184	133	

TC1 LR2 AG-Japan TCE $/day	-9,000	41,750	50,750	31,500	
TC18 MR USG-Brazil WS	8	230	222	169	229
TC18 MR USG-Brazil TCE $/day	1,250	32,500	31,250	20,750	30,750
TC5 LR1 AG-Japan WS	31	181	150	150	154

TC5 LR1 AG-Japan TCE $/day	-2,000	34,500	36,500	23,750	25,500
TC7 MR Singapore-EC Aus WS	23	242	219	184	196
TC7 MR Singapore-EC Aus TCE $/day	4,250	32,000	27,750	21,000	22,750

(a) based on round voyage economics at 'market' speed, eco, non-scrubber basis

Bunker Prices ($/tonne)

	wk on wk change	Dec 4th	Nov 27th	Last Month*
Rotterdam VLSFO	**+5**	412	407	432
Fujairah VLSFO	**-3**	429	432	455
Singapore VLSFO	**-3**	434	437	464
Rotterdam LSMGO	**-12**	635	647	713